

Company Registration Number: 2806593
Charity Number: 1020027

**SOUTH WEST ASSOCIATION
FOR EDUCATION
& TRAINING**
Supporting lifelong learning

**ACCOUNTS AND DIRECTORS
REPORT**

2001/2002



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South West Association for Education and Training

Annual Report and Accounts for the Year ended 31 March 2002

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South West Association for Education and Training

2001/2002 Accounts and Auditors Report

Chair's and Chief Executive's Report 2001/2002

Significant Changes and Developments

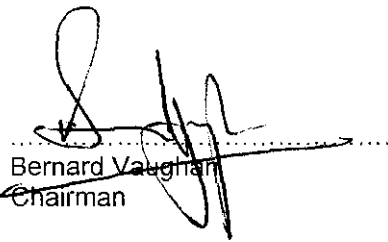
SWAFET's increased turnover and activities are the result of both internal and external changes. They have given rise to a developing confidence in our specialist range of knowledge, skills and understanding. We have developed our work and our confidence and have recognised the valuable part we can play in a wider, more strategic arena than hitherto. This is happening within a national and regional context in which cross-sector working and understanding are at a premium. It is also a context in which regionalism is of increasing importance and in which the part played by learning and skills in economic development is more widely recognised.

During 2001/2002 most of the eligible organisations in the region have been members of SWAFET and have accessed our services. This continued membership base is an important source we feel, of our credibility. It is our intention to try to maintain a strong sense of ownership amongst our members and to provide a service which is valued by them

In three of our four main areas of work, Professional Development, Regional Youth Work and Accreditation Services, there has been a steadily increased take up of services. Our plans for these areas are to maintain the steady growth.

In the fourth area of our work – Contracted Services, there has been a very substantial increase in work. We have been invited to tender for contracts, engaged in consultation, invited to deliver training and facilitation for important organisations. Successful contracts, including well-received publications, have been delivered for national and regional organisations, including the Learning and Skills Council, the Regional Assembly and the Regional Development Agency. The growth in Contracted Services is expected to be maintained.

There is a gathering momentum, arising from making relevant personal connections and developing a presence, which builds opportunities. We recognise both the opportunities and the risks in this situation and are mindful of the need to balance innovation with risk management. We are confident that we can do this and look forward to providing a valued and effective service for our members and partners in 2002/2003.



.....
Bernard Vaughan
Chairman



.....
Liz McGrath
Chief Executive

South West Association for Education and Training

Directors and Trustees Annual Report for the Year ended 31 March 2002

As Directors and Trustees of the charitable company the Board presents its Annual Report for the year ended 31 March 2002.

Legal and administrative information

Charity name

The name of the charity is the 'South West Association for Education and Training'.

Registered charity number - 1020027

Company Registration Number - 2806593

Status and governing document

The South West Association for Education and Training (SWAFET) was established as a registered charity with the Charity Commissioners on 12 October 1993. SWAFET is also a company incorporated on 2 August 1993 under the Companies Act.

The charity is constituted as a company limited by guarantee and not having a share capital under the Companies Act and is governed by the terms of its Memorandum and Articles of Association.

Principal Activities

The principal activities of the company continued to be the advancement of education and training for young persons and adults.

Trustees

The Board is made up of the Directors who are also the Trustees of the Charity. Members of the Board during the year were:

John Appleton (Resigned September 2001)

David Beattie

Gill Brain

Rick Dearing (Resigned June 2001)

Paul Phillips (Appointed December 2001)

Elisabeth Piecha (Appointed December 2001)

Alison Scott

Tony Smith

Bernard Vaughan (Chair)

Peter Weeks

David Wood

Board members are elected or appointed in accordance with the charitable company's Articles of Association and with Company Law.

South West Association for Education and Training

Directors and Trustees Annual Report for the Year ended 31 March 2002

Other information

Registered office

Bishops Hull House
Bishops Hull
TAUNTON
Somerset
TA1 5EP

Auditors

Amherst & Shapland
Chartered Accountants
Castle Lodge
Castle Green
TAUNTON
Somerset
TA1 4AD

Bankers

Caf Cash Ltd
Kings Hill
WEST MALLING
Kent
ME19 4TA

Charitable objects and policies

Charitable objects of SWAFET

The Association is established for the advancement of education and training of young persons and adults.

Summary of policies adopted

Reserves policy

It is the policy of the Charity to continue to build on its free reserves, which are the unrestricted funds of the Charity which are not invested in fixed assets, designated for specific purposes or otherwise committed, and maintain them throughout the year at a level that equates to approximately 3 months unrestricted expenditure of £130,000, which is based on present circumstances. Taking into account the mortgage associated with the freehold property, the present level of free reserves held by the charity is considered to be satisfactory.

Investment policy

SWAFET banks its cash to obtain maximum interest payments with minimum charges. It also invests in the premises (Bishops Hull House) for which it has a long term commercial loan.

Risk management

The trustees have examined the major risks to which the Charity is exposed. These risks have been mitigated wherever possible by maintaining high quality services, pursuing ways of alleviating the problems of expansion, and promoting SWAFET's unique nature in the work that it delivers.

Organisational structure

An Annual General Meeting of SWAFET Members appoints a Board of Directors which decides on policy and guides the organisation. The Board appoints a Secretary and Chief Executive who is responsible to the Board for the day to day running of SWAFET. Other staff are appointed and are responsible to the Chief Executive.

SWAFET is a stakeholder in the Awarding Body Consortium and SWAFET's Chief Executive is a Member of the Consortium's Board. The equivalent of 2 members of staff are assigned to Awarding Body Consortium duties.

Financial review

All activities of the Charity have performed well during the financial year. The Charity's Project work, on behalf of Government Agencies, has performed particularly successfully. Rewards are now being gained from SWAFET's involvement with the Awarding Body Consortium.

South West Association for Education and Training

Directors and Trustees Annual Report for the Year ended 31 March 2002

Statement of the Directors' responsibilities for the accounts

Company Law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the surplus or deficit for that period. In preparing those financial statements the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting policies have been followed;
- d) prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Society will continue in operation.

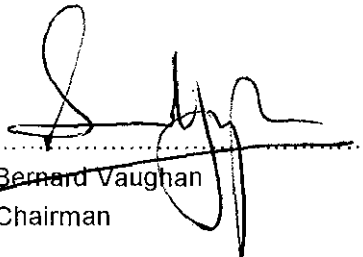
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud.

Auditors

Amherst & Shapland have expressed their willingness to continue in office as auditors.

The directors have taken advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985, and have done so on the grounds that in their opinion, the company is entitled to those exemptions as a small company.

Approved by the Board on 11 October 2002 and signed on their behalf by:



.....
Bernard Vaughan
Chairman

South West Association for Education and Training

Independent Auditors' Report to the Members of SWAFET

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

Respective responsibilities of the Directors and Auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and the United Kingdom Accounting Standards are set out in the Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the charitable company as at 31 March 2002 and of its incoming resources and application of resources, including its income and expenditure for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

AMHERST & SHAPLAND
Chartered Accountants
Registered Auditors
Castle Lodge
Castle Green
Taunton

11 October 2002

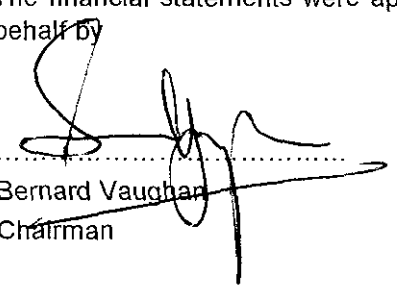
South West Association for Education and Training

Balance Sheet as at 31 March 2002

	Note	2002 £	2001 £
Fixed Assets			
Tangible fixed assets	4	202,065	213,675
Current Assets			
Debtors	5	84,458	22,976
Cash at bank and in hand		154,246	97,738
		<u>238,704</u>	<u>120,714</u>
Creditors:			
Amounts falling due within one year	6	112,050	64,087
Net Current Assets		<u>126,654</u>	<u>56,627</u>
Total Assets less Current Liabilities		328,719	270,302
Creditors:			
Amounts falling due after more than one year	7	144,879	149,344
Net Assets		<u>183,840</u>	<u>120,958</u>
Funds			
Unrestricted funds	10	173,479	120,958
Restricted Funds	11	10,361	-
		<u>183,840</u>	<u>120,958</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board of Directors on 11 October 2002 and signed on its behalf by


 Bernard Vaughan
 Chairman

South West Association for Education and Training

Statement of Financial Activities and Income and Expenditure Account for the Year ended 31 March 2002

	Note	Unrestricted Funds £	Restricted Funds £	Total 2002 £	Total 2001 £
INCOMING RESOURCES					
Charitable activities					
Conferences and Networks		169,439	-	169,439	136,530
Assessment and Accreditation		72,679	-	72,679	36,082
Membership		42,130	-	42,130	37,310
Grants		74,638	-	74,638	79,034
Projects		121,856	18,000	139,856	34,352
Other activities to generate funds					
Sales and lettings		99,975	-	99,975	74,750
Investment income		4,830	-	4,830	6,598
Total Incoming Resources		585,547	18,000	603,547	404,656
RESOURCES EXPENDED					
Costs of generating funds					
Fundraising and Publicity	12	42,214	-	42,214	37,409
Charitable expenditure					
Direct charitable expenditure	13	475,875	7,639	483,514	354,026
Management and administration	14	14,937	-	14,937	13,192
Total Resources Expended	15	533,026	7,639	540,665	404,627
NET INCOME FOR THE YEAR		52,521	10,361	62,882	29
Balance at 1 April 2001		120,958	-	120,958	120,929
Balance at 31 March 2002		173,479	10,361	183,840	120,958

The notes on pages 8 to 14 form part of these accounts.

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

1 ACCOUNTING POLICIES

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in October 2000 and applicable accounting standards except where otherwise stated.

Going concern

The accounts have been prepared on a going concern basis. This basis assumes that the nature and level of the charity's present activities will continue for the foreseeable future.

Incoming resources

Conferences and Networks income is accounted for in the financial year in which the event is held, with those events that straddle financial years having their income apportioned.

Assessment and Accreditation is accounted for in the financial year the service is provided.

Membership income is accounted for in the financial year it is received with the exception of new membership income received in the January to March period, which is treated as early income for the following year and deferred on this basis.

Grants in support of services are accounted for in the financial year in which the service is provided.

Projects are accounted for in the financial year in which the service is provided and projects that straddle financial years are apportioned to relate to the proportion of the service provided in each financial year.

Income from letting the building for meeting accommodation is attributed to the financial year in which the meeting room is let. Income for letting office accommodation is included in the Statement of Financial Activities (SOFA) on an accruals basis.

Resources expended

All expenditure is accounted for on an accruals basis. As far as possible, fundraising and publicity costs and management and administration costs are separately identified at the time they are incurred. Costs not directly attributable to any of the principal expenditure headings are apportioned on a fair and reasonable basis by the Board on a basis consistent with the use of resources.

In the current year the Board has revised the basis on which costs are allocated and apportioned to the principal expenditure headings, following a review of the charity's accounting policies in the light of the requirements of the revised Statement of Recommended Practice 'Accounting and Reporting by Charities', which has been implemented this year. Accordingly, the allocation and apportionment of costs to the principal headings of charitable activities, fundraising and publicity, and management and administration for the previous year have been restated on a basis consistent with the revised basis adopted in the current year. Details of these costs are shown in notes 12 to 14.

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

1 ACCOUNTING POLICIES (continued)

Fixed assets

All fixed assets are stated at purchase cost plus incidental expenses of acquisition, less depreciation. With the exception of freehold land, depreciation is charged in respect of all fixed assets and is calculated to write off the cost of the assets, less estimated residual value, over their expected economic lives as follows:

Freehold Buildings	over 30 years
Fixtures and Fittings	over 10 years
Equipment acquired before 1 April 1994	over 10 years
Equipment acquired from 1 April 1994	over 5 years
Computer Equipment	over 3 years
Furniture	over 10 years

Government Grants

Government grants are credited to income so as to match them with the expenditure to which they relate.

Taxation

No charge to taxation arises in respect of any of the activities of the charitable company by reason of its charitable status.

Pension costs

Contributions in respect of the charitable company's defined contribution pension schemes are charged to the SOFA for the year in which they are payable to the scheme.

2 DIRECTORS' REMUNERATION

The directors received no remuneration (2001 - £nil).

3 STAFF COSTS

	2002	2001
	£	£
Wages and Salaries	240,269	184,402
Social Security Costs	16,272	12,713
Pension Costs	17,952	13,414
	<u>274,494</u>	<u>210,529</u>

No employee earned £50,000 pa or more.

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

3 STAFF COSTS (continued)

The average equivalent full-time number of employees, analysed by function and rounded to the nearest whole number, was:

	2002 No.	2001 No.
Fundraising and Publicity	-	-
Direct Charitable Expenditure	12	10
Management and Administration	-	-
	<u>12</u>	<u>10</u>

The calculations on which the above summary is based indicate that for the current year the average equivalent full-time number of employees engaged in fundraising and publicity was 0.43 employees, and in management and administration 0.23 employees.

4 TANGIBLE FIXED ASSETS

	Freehold Property £	Fixtures & Fittings £	Furniture & Equipment £	Total £
Cost				
At 1 April 2001	237,920	49,796	45,647	333,363
Additions	-	-	10,258	10,258
Disposals	-	-	-	-
At 31 March 2002	<u>237,920</u>	<u>49,796</u>	<u>55,905</u>	<u>343,621</u>
Depreciation				
At 1 April 2001	43,617	42,711	33,360	119,688
Charge for year	7,930	933	13,005	21,868
Disposals	-	-	-	-
At 31 March 2002	<u>51,547</u>	<u>43,644</u>	<u>46,365</u>	<u>141,556</u>
Net book values				
At 31 March 2002	<u>186,373</u>	<u>6,152</u>	<u>9,540</u>	<u>202,065</u>
At 31 March 2001	<u>194,303</u>	<u>7,085</u>	<u>12,287</u>	<u>213,675</u>

5 DEBTORS

	2002 £	2001 £
Other debtors	84,458	21,675
Prepayments	-	1,301
	<u>84,458</u>	<u>22,976</u>

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

6 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002	2001
	£	£
Mortgage loan (see note 8)	13,975	21,600
Other Taxes and Social Security	-	4,801
Accruals and deferred income	71,381	3,365
Powerhouse:		
Income and Expenditure held on Loan	4,358	23,321
Regional Rural Youth Project:		
Income and Expenditure held on Loan	-	4,408
Other creditors	22,336	6,592
	<u>112,050</u>	<u>64,087</u>

7 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002	2001
	£	£
Mortgage loan (see note 8)	<u>144,879</u>	<u>149,344</u>

8 MORTGAGE LOAN

Amounts repayable (by instalments):	£	£
- in one year or less	13,975	21,600
- between one and two years	14,690	21,600
- between two and five years	48,734	64,800
	<u>77,399</u>	<u>108,000</u>
- over five years	81,455	62,944
	<u>158,854</u>	<u>170,944</u>
Disclosed as:		
- amounts due within one year (see note 6)	13,975	21,600
- amounts due after more than one year (see note 7)	144,879	149,344
	<u>158,854</u>	<u>170,944</u>

The mortgage is secured on the charity's freehold property, Bishops Hull House. Interest is charged at 1% above the Bank Base Rate.

With regard to the comparative figures for the prior year, the amounts stated as repayable within one year, between one to two years and between two to five years were calculated on the basis of the instalments of capital and interest payable, with the balance of the loan capital shown as repayable after more than five years. For the current year the amounts stated as repayable in respect of the mortgage loan relate solely to the capital element of the instalments payable. Whilst this represents a change in the basis of the calculation, since the amounts involved are not considered to be material, the comparative figures for the prior year have not been restated.

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

9 BISHOPS HULL HOUSE

The mortgage was taken out on Bishops Hull House in 1988 (by the Charity's predecessor) for the purchase value of £320,000 over a 30 year repayment period. The property was acquired by SWAFET during 1995 at a cost of £237,920 with a remaining mortgage outstanding of 23 years. This loan can be recalled by the Bank but it is considered to be a long term loan which is consistent with previous years.

10 UNRESTRICTED FUNDS

	Capital Reserve	Unrestricted Funds	Total 2002	Total 2001
	£	£	£	£
As at 1 April 2001	245,601	(124,643)	120,958	120,929
Transfer to Unrestricted Funds	(245,601)	245,601	-	-
Surplus for Year	-	52,521	52,521	29
As at 31 March 2002	-	173,479	173,479	120,958

11 RESTRICTED FUNDS

	At 1 April 2001	Income	Expenditure	At 31 March 2002
	£	£	£	£
Millennium Volunteers Fund	-	18,000	7,639	10,361

The Millennium Volunteers Fund consists of monies that are held to support the activities of the Regional Millennium Volunteer Forums (South West and West Midlands).

12 FUNDRAISING AND PUBLICITY

	Unrestricted Funds	Restricted Funds	Total 2002	Total 2001
	£	£	£	£
Salaries and Wages	4,274	-	4,274	3,739
Letting Building	16,682	-	16,682	11,505
Publicity	21,258	-	21,258	22,165
	42,214	-	42,214	37,409

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

13 DIRECT CHARITABLE EXPENDITURE

	Unrestricted Funds	Restricted Funds	Total 2002	Total 2001
	£	£	£	£
Salaries and Wages	263,079	-	263,079	200,178
Consultants Fees	6,949	-	6,949	10,288
Conferences and Networks	66,368	-	66,368	47,942
Assessor Fees and Expenses	-	-	-	1,596
Project Expenses	47,469	7,639	55,108	6,428
Depreciation	21,868	-	21,868	19,680
Office Costs	56,284	-	56,284	55,180
Legal and Professional Fees	4,348	-	4,348	593
Loan Interest Payments	9,510	-	9,510	12,141
	<u>475,875</u>	<u>7,639</u>	<u>483,514</u>	<u>354,026</u>

14 MANAGEMENT AND ADMINISTRATION

	Unrestricted Funds	Restricted Funds	Total 2002	Total 2001
	£	£	£	£
Salaries and Wages	7,141	-	7,141	6,611
Office Costs	1,741	-	1,741	1,707
Audit Fees:				3,055
year ending 31 March 2001	2,735	-	2,735	-
year ending 31 March 2002	1,880	-	1,880	-
expenses)	707	-	707	1,152
Trustees' Indemnity Insurance	733	-	733	667
	<u>14,937</u>	<u>-</u>	<u>14,937</u>	<u>13,192</u>

South West Association for Education and Training

Notes to the Accounts for the Year ended 31 March 2002

15 ANALYSIS OF RESOURCES EXPENDED

	Staff costs	Other costs	Depreciation	Total
	£	£	£	£
Charitable activities				
Membership services	27,290	8,708	-	35,998
Contracted services	79,410	70,394	-	149,804
Professional development	74,614	61,868	-	136,482
Youth services	43,023	39,156	-	82,179
ABC Accreditation services	38,742	8,931	-	47,673
Central budget	-	9,510	21,868	31,378
Management and administration	7,141	7,796	-	14,937
	<u>270,220</u>	<u>206,363</u>	<u>21,868</u>	<u>498,451</u>
Costs of generating funds				
Letting Building	4,274	16,682	-	20,956
Publicity	-	21,258	-	21,258
	<u>4,274</u>	<u>21,258</u>	<u>-</u>	<u>25,532</u>
Total for charity	<u>274,494</u>	<u>244,303</u>	<u>21,868</u>	<u>540,665</u>

In the current year the Board has revised the basis on which costs are allocated and apportioned to the principal expenditure headings, following a review of the charity's accounting policies in the light of the requirements of the revised Statement of Recommended Practice 'Accounting and Reporting by Charities', which have been implemented this year. Accordingly, the allocation and apportionment of costs to the principal headings of charitable activities, fundraising and publicity, and management and administration for the previous year have been restated on a basis consistent with the revised basis adopted in the current year. Details of these costs are shown in notes 12 to 14.

16 TRANSACTIONS WITH TRUSTEES AND CONNECTED PERSONS

Six Trustees had their travel expenses reimbursed at a total cost of £668 (2001 - £1,042).

The cost of Trustees meetings was £39 (2001 - £42).

17 INDEMNITY INSURANCE

The Association purchased Indemnity Insurance for its Trustees at a cost of £733 (2001 - £667).

18 RELATED PARTY TRANSACTIONS

No contracts or transactions were entered into by the charity with any of the Directors or any member of staff.

SWAFET is a partner in the Awarding Body Consortium with three other similar regional educational bodies. During the year SWAFET received income of £77,259 from its Awarding Body Consortium activities.

19 CAPITAL COMMITMENTS

At 31 March 2002 there were no capital commitments contracted for (2001 - £nil).